

OUTCOME
GOAL 1.4 –
PROVIDE
INFORMATION
AND ANALYSIS
ON THE U.S.
ECONOMY

OVERVIEW

The Department of Labor's Bureau of Labor Statistics (BLS) is responsible for producing some of the Nation's most sensitive and important economic indicators. These indicators are key sources of data used by the President, Congress, and other Federal policy-makers and are used by public and private institutions for economic planning and analysis. In addition, BLS information is used by individuals who are seeking to improve their chances to succeed in today's job market.

Seven BLS series have been designated as Principal Federal Economic Indicators: the Employment Situation; Consumer Price Index; Producer Price Index; U.S. Import and Export Price Indexes; Employment Cost Index; Real Earnings; and Productivity and Costs.

SERVING THE PUBLIC

The public and private sectors rely heavily upon BLS data for use in a wide range of sensitive contexts, including wage setting, escalating contracts and payments, and allocating Federal and State funds. The effectiveness of BLS data is determined through a number of criteria pertaining to timeliness and reliability. Ensuring the high quality of BLS' data series is of considerable importance. BLS is committed to continuous improvement of its statistical processes and products.

- In 1995, BLS began a multiyear effort to update and modernize the Consumer Price Index (CPI). BLS updated the sample of geographic areas on which the CPI is based to reflect population shifts. A more current market basket, or set of expenditure weights, attached to the categories of goods and services comprising the CPI was introduced in the 1998 revision. Effective with data for January 1999, a new sample of housing units and a new estimation methodology are being used to track housing costs. In selected categories of the index, a formula change was implemented to better account for consumer substitution in response to relative price changes.
- In 1999, BLS completed a plan that established a new Job Openings and Labor Turnover Survey (JOLTS) program. BLS will begin collecting data in April 2000 and will begin publishing an experimental series in 2001.
- BLS collaborated with several other Federal statistical agencies as well as agencies in Canada and Mexico to improve, update, and standardize the industrial classification system. The product of this cooperative effort is the North American Industry Classification System (NAICS), which will provide common industry definitions for Canada, Mexico, and the United States.

DOL CHALLENGES FOR THE FUTURE

Substantial challenges face BLS as it strives to accomplish the Department's goals. Among them are the changing economy, maintaining sufficient response levels, and evolving technology.

TIMELY, ACCURATE, AND RELEVANT ECONOMIC INFORMATION

Goal 1.4A: Produce and disseminate timely, accurate, and relevant economic information.

Performance of this goal is measured in two dimensions: timeliness and quality. The first, timeliness, addresses how often the Department's Bureau of Labor Statistics (BLS) meets the release dates in the published schedule of its Principal Federal Economic Indicators. The second dimension measures reliability. Decision-makers need to know how well BLS statistics reflect the economic activity described.

Timeliness

Percentage of On-Time Releases
FY 1999 Target: 100.0 percent
FY 1999 Actual: 95.0 percent

Results: Timeliness results are based on an evaluation of the Office of Publications and Special Studies report of release dates against the release schedule of BLS' Principal Federal Economic Indicators. Four of the seven Principal Indicators—the Employment Situation, the Consumer Price Index (CPI), the Producer Price Index (PPI), and the Employment Cost Index (ECI)—are addressed in the goals of the DOL Annual Performance Plan.

Analysis of Results: There were 40 scheduled releases in 1999, including quarterly releases of the ECI, and monthly releases of the CPI, the PPI, and the Employment Situation Release (which contains both the National Labor Force Statistics and Employment, Hours, and Earnings

series). BLS missed its target of 100 percent when two data releases occurred earlier than scheduled—the November 1998 Employment Situation Release and the December 1998 Producer Price Index Release were released early on the BLS public-access website. As a result, BLS changed its procedures for issuing Principal Federal Economic Indicators.

Quality

Results: Each of the four Principal Federal Economic Indicators has a unique quality measure. Except for the PPI, all the series met their quality targets in 1999. Appendix 4 provides information on individual program quality measures and performance.

Analysis of Results: Due to a delay in the publication of a new index, *Retail Food Stores*, the PPI did not achieve its percentage of domestic output target covered by the PPI for services produced and total production. Questions about methodology delayed publication of the index. *Retail Food Stores* is expected to be published in July 2000. In 1999, the PPI introduced *Life Insurance* and *Wireless Communication*. Publication of these two new indexes increased services coverage from 40.0 percent to 41.2 percent and total production coverage from 53.5 percent to 54.3 percent.

Timeliness and Quality

Goal Assessment and Future Plans: For the Department's FY 2000 Annual Performance Plan, a sixth quality measure, the average number of Internet site user sessions each month, has been added. In addition, the quality measures for Employment, Hours, and Earnings and the CPI

have been replaced by statistically preferred measures of standard error.

Audits and Evaluations: In 1999, the General Accounting Office and the Office of the Inspector General completed several audits and

evaluations of BLS. These reviews pertained to a number of topics, including pre-release security, and information and collection burden. Appendix 3, items 7 through 11 provide further details on these audits and evaluations. ■

THE EDITOR'S DESK

The Bureau of Labor Statistics publishes important economic data on its website. A special feature is "The Editor's Desk," part of the on-line Monthly Labor Review, which is updated frequently. Each business day, "The Editor's Desk":

- Brings fresh information from all BLS programs to the computer screen;
- Highlights intriguing data;
- Focuses on a few specific points of a report;
- Provides links to further analysis;
- Gives visitors a way to send feedback about "The Editor's Desk."

The website is at stats.bls.gov; click on "What's New" and look for "MLR: The Editor's Desk."

IMPROVE ECONOMIC MEASURES

Goal 1.4B: Improve the accuracy, efficiency, and relevancy of economic measures.

This goal measures the progress of significant milestones that reflect the Department's Bureau of Labor Statistics' (BLS) commitment to continuous improvement of its statistical processes and products.

NAICS

Results: BLS continued to implement the standard industrial classification revision known as the North American Industry Classification System (NAICS). Specifically, refiling for the Covered Employment and Wages (ES-202) program began by surveying all establishments with more than 50 employees and 1.7 million establishments with fewer than 50 employees. Many BLS statistical programs use the ES-202 program output as a sampling frame source.

Analysis of Results: The 1999 survey round was successfully completed in August 1999. Thirty-six States achieved a 90 percent response rate target for both employment and units.

CPI Revision

Results: As part of the Consumer Price Index (CPI) revision, a revised housing sample and estimation methodology was introduced beginning with the official January 1999 CPI. In a separate change that was not part of the revision as originally conceived, effective with data for January 1999, the geometric mean formula has replaced the arithmetic mean formula in selected categories of the index. The new

formula better accounts for consumer substitution in response to relative price change.

Analysis of Results: The above changes to the CPI were designed to make the index a more accurate and reliable reflection of economic conditions.

CE Expansion

Results: BLS expanded the sample size of the Consumer Expenditure (CE) Survey by approximately 50 percent. The new sample contains 7,800 households each in the diary and interview surveys, up from the 1997 baseline year of 5,400 households in each survey.

Analysis of Results: Using the expanded sample, the Bureau of the Census began collecting interview data for BLS in November 1998 and began collecting diary data in January 1999. This two-year project is on schedule for completion by the end of 2000.

The expanded sample size of the CE survey accomplished three objectives:

1. Accelerated the process of updating the CPI market basket.
2. Expanded the amount of information collected on prices of certain goods and services.
3. Produced supplementary measures of changes in consumer prices that are regarded as providing closer approximations to cost-of-living measures than the currently published CPI.

JOLTS

Results: BLS completed a program plan to establish the new Job

Openings and Labor Turnover Survey (JOLTS) program. BLS developed the program's conceptual framework, established a basic program infrastructure and data collection center, and began the development of a computer system for the program.

Analysis of Results: Establishing the JOLTS program was a significant milestone towards the goal of releasing JOLTS data. BLS will begin publishing experimental job openings and labor turnover series in 2001, and plans to begin publishing official series in 2003.

Goal Assessment and Future Plans: All of the milestones have been reached or progress is on schedule as planned. This performance goal is continued in the Department's FY 2000 Annual Performance Plan with six performance indicators:

1. Assign both Standard Industrial Classification (SIC) and NAICS codes to all establishments in the BLS universe file for first quarter 2000 data.
2. Base new item samples in the CPI on the Telephone Point of Purchase Survey.
3. Complete data collection and processing of a larger CE sample.
4. Finalize sample design to expand and improve the Employment Cost Index.
5. Conduct research, develop procedures, and complete planning for the process used to update rapidly changing industries for the Producer Price Index.
6. Implement a web-based subscription system for all Principal Federal Economic Indicators. ■